



JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 28, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: John Naimo   
Auditor-Controller

SUBJECT: **VITAS HEALTHCARE CORPORATION OF CALIFORNIA – A  
DEPARTMENT OF HEALTH SERVICES HOSPICE SERVICES  
CONTRACT SERVICE PROVIDER – CONTRACT COMPLIANCE  
REVIEW**

We completed a review of VITAS Healthcare Corporation of California (VITAS or Contractor), a Department of Health Services (DHS) Hospice Services contract service provider. The purpose of our review was to evaluate VITAS's compliance with their County contract. Our review included a review of patient files, employee personnel records, and other applicable documents.

DHS paid VITAS a total of \$262,669 on a fee-for-service basis during Fiscal Year 2014-15. VITAS provides hospice services for patients referred by DHS and is located in the Third, Fourth, and Fifth Supervisorial Districts.

**Results of Review**

VITAS provided the hospice services as required, and their employees had the required qualifications. However, VITAS did not always comply with all of their County contract requirements. Specifically, VITAS did not maintain documentation to support that their employees maintain current immunizations and complete annual health and tuberculosis screenings.

*VITAS's attached response indicates that they will ensure they maintain documentation of their employees' current immunizations and complete annual health and tuberculosis*

*screenings. The Contractor also indicated that they will conduct personnel audits to ensure compliance.*

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with VITAS and DHS. VITAS's attached response (Attachment II) indicates agreement with our findings and recommendations. DHS will work with the Contractor to ensure our recommendations are implemented.

We thank VITAS management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:AA:js

### **Attachments**

c: Sachi A. Hamai, Interim Chief Executive Officer  
Mitchell H. Katz, M.D., Director, Department of Health Services  
Jo Ann Mack, Senior Vice President of Operations, VITAS  
Public Information Office  
Audit Committee

**VITAS HEALTHCARE CORPORATION OF CALIFORNIA  
HOSPICE SERVICES  
CONTRACT COMPLIANCE REVIEW  
FISCAL YEAR 2014-15**

**BILLED SERVICES**

**Objective**

Determine whether VITAS Healthcare Corporation of California (VITAS or Contractor) provided the services billed to the Department of Health Services (DHS) in accordance with their County contract.

**Verification**

We reviewed VITAS's invoices and other supporting documentation for \$30,377 (22%) of the \$140,567 that DHS paid to the Contractor from July 2014 to February 2015. We also reviewed documentation in the patient case files for nine patients DHS referred to VITAS.

**Results**

VITAS appropriately billed DHS for the patient services reviewed.

**Recommendation**

None.

**STAFFING QUALIFICATIONS**

**Objective**

Determine whether VITAS employees had the qualifications required by their County contract.

**Verification**

We reviewed the personnel files for ten (10%) of the 100 VITAS employees who provided services to DHS patients.

**Results**

VITAS's employees had the required qualifications.

**Recommendation**

None.

**CASH/REVENUE****Objective**

Determine whether VITAS properly recorded revenue in their financial records, deposited cash receipts into their bank account timely, and if bank account reconciliations were reviewed and approved by Contractor management timely.

**Verification**

We interviewed VITAS management, and reviewed their financial records and January 2015 bank reconciliation.

**Results**

VITAS properly recorded revenue in their financial records, deposited DHS cash receipts timely, and bank reconciliations were reviewed and approved by Contractor management timely.

**Recommendation**

None.

**ADMINISTRATIVE CONTROLS****Objective**

Determine whether VITAS was in compliance with their County contract administrative requirements.

**Verification**

We interviewed VITAS personnel, and reviewed their policies and procedures and other applicable documents.

**Results**

VITAS complied with their County contract administrative requirements.

**Recommendation**

None.

## **PERSONNEL**

### **Objective**

Determine whether VITAS complied with personnel contract requirements, and maintained personnel files as required.

### **Verification**

We reviewed personnel files and other documentation for ten (10%) of the 100 VITAS employees.

### **Results**

VITAS maintained the required employment eligibility records for their employees. However, VITAS's personnel files did not always contain documentation to support employees' current immunizations or annual health screenings. Specifically, for the ten personnel files we reviewed, we noted:

- Eight (80%) did not contain documentation to support all of the required immunizations.
- Five (50%) did not contain documentation of annual health screenings.
- Three (30%) did not contain documentation to support annual tuberculosis screenings.

### **Recommendations**

**VITAS Healthcare Corporation of California management ensure employees:**

- 1. Maintain current immunizations and supporting documentation.**
- 2. Complete annual health and tuberculosis screenings, and maintain supporting documentation.**



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John Naimo  
Auditor-Controller  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 525  
Los Angeles, CA 90012

Re: Vitas Healthcare Corporation of California  
Contract Compliance Review  
Fiscal Year 2014-2015

Dear Mr. Naimo,

We are responding to the recommendations resulting from our recent audit on the above contract.

**Recommendation Number One: Vitas Healthcare Corporation of California management will ensure employees maintain current immunizations, and supporting documentation.**

Vitas will re-educate our HR Department about the importance of maintaining proof of current immunizations and supporting documentation for all Vitas Healthcare employees providing services to patients reimbursed to Vitas by LA County. Vitas Healthcare management will conduct personnel audits per company policy to maintain compliance.

**Recommendation Number Two: Vitas Healthcare Corporation of California management will ensure employees complete annual health and tuberculosis screenings, and maintain supporting documentation.**

Vitas will re-educate our HR Department about the importance of maintaining proof of health and tuberculosis screenings and supporting documentation for all Vitas Healthcare employees providing services to patients reimbursed to Vitas by LA County. Vitas Healthcare management will conduct personnel audits per company policy to maintain compliance.

Our primary goal is to strive to provide excellent services for patients of Los Angeles County in accordance with our agreement and will strive to provide the highest quality of care to patients and families of Los Angeles County who are terminally ill and nearing the end of their life.

Thank you for your confidence and for allowing us to provide these services in keeping with our mission to provide the highest quality of care to patients and families of Los Angeles County.

Sincerely,

Vitas Healthcare Corporation of California

A handwritten signature in dark ink, appearing to read "Marie Hagerty", written in a cursive style.

Marie Hagerty  
General Manager